GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4390
ANSWERED ON:24.04.2008
PRICE FIXATION OF NATURAL GAS
Jogi Shri Ajit

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government are adopting the competitive bid process for price fixation of natural gas;

(b) if so, whether estimated gas reserves are kept in mind while fixing price of natural gas; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRI DINSHA PATEL)

(a): No, Sir.

(b): Does not arise.

(c): The price of Administered Price Mechanism (APM) gas is decided by the Government. The price of gas produced under pre-NELP contracts is determined in terms of the provisions of the Production Sharing Contract between Government and the Joint Venture Consortium. As regards the gas from NELP fields, prior approval of Government has to be obtained for the formula or the basis on which the price is fixed. Price of Liquefied Natural Gas (LNG) imported under term contracts is governed by the Sale Purchase Agreement between the LNG seller and the buyer. Spot cargoes are purchased on mutual agreeable commercial terms.